



GOVERNOR'S OFFICE OF
BUDGET AND PROGRAM PLANNING

Fiscal Note 2009 Biennium

Bill #	SB0552	Title:	Tax credit for volunteer firefighters
Primary Sponsor:	Harrington, Dan	Status:	As Amended

- | | | |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact | <input checked="" type="checkbox"/> Needs to be included in HB 2 | <input checked="" type="checkbox"/> Technical Concerns |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

FISCAL SUMMARY

	<u>FY 2008 Difference</u>	<u>FY 2009 Difference</u>	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>
Expenditures:				
General Fund	\$2,500	\$0	\$0	\$0
Revenue:				
General Fund	(\$482,424)	(\$487,249)	(\$492,121)	(\$497,042)
Net Impact-General Fund Balance	<u>(\$484,924)</u>	<u>(\$487,249)</u>	<u>(\$492,121)</u>	<u>(\$497,042)</u>

Description of fiscal impact: This legislation creates a \$100 nonrefundable income tax credit for qualified volunteer firefighters and volunteer emergency medical technicians (EMTs).

FISCAL ANALYSIS

Assumptions:

- The proposed legislation would create a \$100 nonrefundable credit for individual income taxpayers who are volunteer firefighters or volunteer EMTs. In order to receive the credit, the volunteer firefighter or EMT must be an active, non-paid member of the volunteer firefighter or EMT force. Firefighters must have completed a minimum of 30 hours of training, while EMTs must complete the number of training hours prescribed by the Montana State Board of Medical Examiners for Emergency Medical Technicians.
- According to the Public Employees Retirement Association, there were 2,733 volunteer firefighters at the beginning of FY 2007 that would qualify for this credit. According to the Department of Public Health and Human Services, there are 2,530 volunteer EMTs in Montana that would qualify for this credit. It is assumed that all of these firefighters and EMTs have tax liability and would utilize the credit. A taxpayer may not claim a credit as both a firefighter and an EMT. For the purposes of this fiscal note, it is assumed

that 5% of the 2,530 EMTs are also volunteer firefighters and so should be excluded to avoid double-counting. Therefore, there are 5,136 taxpayers eligible for the proposed credit ($2,733 + (2,530 \times .95)$).

3. If the credit had been available and if all of these firefighters claimed the full credit, the credit cost would have been \$513,600 in FY 2007 ($5,136 \times \100).
4. Because the proposed credit is nonrefundable, not all of the firefighters would claim the full credit. On average, 93% of nonrefundable credits are used to decrease tax liability. Therefore, the cost of the credit would be \$477,648 ($\$513,600 \times 93\%$) had it been available for FY 2007.
5. The U.S. Census Bureau projection for total population growth for Montana is slightly less than 1% annually. Assuming that the cost of the proposed credit grows at the same rate as the general population, or 1%, the estimated cost is \$482,424 in FY 2008, \$487,249 in FY 2009, \$492,121 in FY 2010, and \$497,042 in FY 2011.
6. The Department of Revenue would require \$2,500 for the creation and printing of the form used to determine eligibility and to claim the credit.

	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>	<u>Difference</u>
<u>Fiscal Impact:</u>				
FTE	0.00	0.00	0.00	0.00
<u>Expenditures:</u>				
Operating Expenses	<u>\$2,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Expenditures	<u><u>\$2,500</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Funding of Expenditures:</u>				
General Fund (01)	<u>\$2,500</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
TOTAL Funding of Exp.	<u><u>\$2,500</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$0</u></u>
<u>Revenues:</u>				
General Fund (01)	<u>(\$482,424)</u>	<u>(\$487,249)</u>	<u>(\$492,121)</u>	<u>(\$497,042)</u>
TOTAL Revenues	<u><u>(\$482,424)</u></u>	<u><u>(\$487,249)</u></u>	<u><u>(\$492,121)</u></u>	<u><u>(\$497,042)</u></u>
<u>Net Impact to Fund Balance (Revenue minus Funding of Expenditures):</u>				
General Fund (01)	<u>(\$484,924)</u>	<u>(\$487,249)</u>	<u>(\$492,121)</u>	<u>(\$497,042)</u>

Long-Range Impacts:

1. This legislation would continue to have a negative impact to the general fund in future fiscal years.

Technical Notes:

1. Section 1 (2) uses the state fiscal year to determine eligibility for the credit, rather than the tax year. This may create confusion for taxpayers.

Sponsor's Initials

Date

Budget Director's Initials

Date